

The Mayor and Council of Hurlock

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JOYCE A. SPRATT
MAYOR
JOHN H. AVERY
CLERK / TREASURER

COUNCIL MEMBERS
CHRISTOPHER J. ADAMS
CHARLES T. CEPHAS, SR.
PARKER J. DURHAM
GARY L. HENRY
MICHAEL D. NORDSTROM

REGULAR OPEN MEETING MINUTES February 11, 2013

6:00 P.M. Meeting was called to order by Mayor Spratt. Following the pledge of allegiance Chief Hutton gave the opening prayer.

Roll call was taken, in attendance were Councilmembers Adams, Durham, Henry and Nordstrom, and also in attendance were Mayor Spratt and Clerk Avery.

Approval of the open session minutes of January 28, 2013 was called for. Following a motion made by Councilman Durham and a second by Councilman Adams the minutes were approved with 4 in favor and none opposed. Councilman Durham made a motion to approve the minutes of the closed session of January 28, 2013, after a second by Councilman Nordstrom the minutes were approved with 4 in favor and none opposed.

Councilman Nordstrom made a motion to approve the agenda for the current meeting. Following a second by Councilman Henry the agenda was approved with 4 in favor and none opposed.

Councilman Cephas entered the meeting following approval of the agenda.

Under the Mayors report Mayor Spratt made a brief comment on the East New Market fireman's banquet and stated that Mr. and Mrs. Charles Colburn donated the water color of the old train station that is now displayed on a wall in the meeting room.

Mayor Spratt asked the Council for approval to sponsor the 2013 Christmas Parade. Following a motion to approve the parade by Councilman Adams and a second by Councilman Nordstrom the motion passed with four in favor and Councilman Cephas abstaining.

6:12 P.M. Under old business Mr. Tom Trice of TGM Group was to discuss the annual audit report. Mr. Trice stated that in his opinion the report was very good. His comments started by saying that page 5 showed that the cash position of the Town improved by the end of the fiscal year by \$381,857. The Town's cash position increased to \$782,770 as of June 30, 2012. He also

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stated that the Town paid \$321,144 on existing loans and borrowed \$153,247 in new loans. Net liquid assets increased from \$282,000 to \$457,000. Revenue from governmental activities remained the same 2011 to 2012 at \$1.595 million. Mr. Trice said that the Town is now receiving \$175,000 annually from Amick and this is good news going forward.

Councilman Cephas asked what percentage of the Town income is from water and sewer revenue and asked what will property taxes need to increase to support a new police building. Mr. Trice answered that of a 4 million dollar budget approximately 1.3 million is from property taxes. He said that the Town is dependent on one major customer and if that customer went away the Town would have to make adjustments. Mr. Trice stated that that customer is planning a major expansion which indicates there is no plan for the business to leave town. Councilman Cephas said that the Council has a fiduciary duty to protect the budget and the Town; he is looking to what may happen because taxes will not pay Town costs. He also said that budgets are estimates and questioned are funds transferred from water and sewer to the general fund? Mr. Trice answered that yes they are and it has been done for years. The amount that has been transferred has been between \$600,000 to one million every year. Councilman Cephas said that in the past it was stated that is a dangerous practice. Councilman Cephas said he was concerned that taxes and residential water and sewer revenue alone would not support the Town.

Mayor Spratt said that in fairness to the Council a future date should be set for Mr. Trice to answer further questions after the Councilmembers have had a chance to consider the audit in more detail.

Councilman Cephas said that he had one more question; does the Town have adequate personnel for accounting? He further said the Town does not have a highly trained person for accounting on staff. Mr. Trice answered that the Town has chosen to outsource the accounting as have many small towns. The day to day book keeping is done by two assistant clerks and John oversees them. The more complex accounting is outsourced. Councilman Cephas said he wants to make sure that there is transparency and the Council is not suckered into anything. Mr. Trice stated again that the debit service that is coming off in the next 18 months and the Town has \$175,000 more annual income that it did not have in the past.

Councilman Durham stated that every year a statement is in the report that the Town does not have a CPA on staff and is this the same as many small towns? Mr. Trice affirmed that is an acceptable practice with many small towns.

Councilman Cephas asked the Mayor that the audit communications report should be looked into tonight. Mr. Trice said that there are comments in the report that are fairly standard comments. One of the comments that were made to virtually every small town is that there are not enough people on staff to handle everything in-house. They are required to say that. Mr. Trice stated he has said for past years that the Council should receive monthly financial

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statements that reflect activities of the Town compared to the budget. Mr. Trice said this has not been done years and asked Clerk Avery to affirm that the Council is now getting financial reports. The Clerk answered the Council has been getting a monthly treasurers report and now that everything has been finalized from 2012 the Council is now getting monthly budget reports as well. Mr. Trice commented on the States retirement system and said we will see what happens over the next couple of years.

Mr. Cephas commented that the stormwater system is aging and will fail. The Council needs to have a heart to heart talk about the finances and the procedural ways of the Town.

Councilman Adams asked can't the Council get an opinion from the accountants that do the outsourcing work as to what goes in and goes out of the Town funds. Can they give us an assessment so the Council can make educated decisions?

Mr. Trice said that as a rule of thumb most municipalities' reserve accounts are 10% of their budget. He said the Town has in excess of that amount in "unrestricted net assets".

Mayor Spratt thanked Mr. Trice for his report and said that the Town could have him back at a future meeting for more questions if required.

Mr. Rick Price gave his County Council report; he said that the Council has applied to have a seat with Shore Health Care round table. The Council has many concerns with Shore Health Care and wants to have a voice in their decisions. Mayor Spratt asked if the Council has been guaranteed a seat and Mr. Price answered not at this point. He said that Chesapeake Collage gave the Council an overview of the Allied Health Center that they are looking to construct there. Mr. Price reported that Jane Baynard is still at Johns Hopkins but is doing better and scheduled to be released soon to a rehab center. The Council's budget work session looked at a \$1.3 million dollar deficit due mainly to teacher's retirement. The Council is looking at redistricting to equalize the number of people in each district. Mr. Price thought District 4 should remain intact.

Old Business: Mayor Spratt said that the Council needed to vote on hiring a Town Attorney. Councilman Durham made a motion to retain the law firm of Cowdrey Thompson as the Town's legal counsel. Councilman Nordstrom seconded the motion. Under discussion Councilman Adams asked if we are denying Ms. Cavanaugh to meet with the Council. Mayor Spratt said that she was not being denied the opportunity to meet with the Council, Ms. Cavanaugh had told the Mayor that she did not have municipal experience. Mayor Spratt said Ms. Cavanaugh did not know the Town was looking for a municipal attorney. Mayor Spratt went on to say that Ms. Cavanaugh said she did not have a back ground in municipal law. Councilman Cephas said that the proper procedure was not followed in selecting a legal firm. The Council only had an opportunity to interview one firm. That was not proper procedure. Council Durham said that he was very impressed with the credentials of Cowdrey Thompson and pointed out that they

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came highly recommended and represent other municipalities. Councilman Cephas questioned Mr. Durham as to how many other firms did he talk to. Councilman Cephas questioned why we can't give the other people time for interviews; he said the Council is not following the charter. Mayor Spratt called for the vote:

Councilman Adams	Opposed
Councilman Cephas	Opposed
Councilman Durham	Aye
Councilman Henry	Aye
Councilman Nordstrom	Aye

The motion passed 3 in favor and 2 opposed to retain the law firm of Cowdrey Thompson.

New Business: Mr. James Pessango representing Nationwide Investment Services spoke to the Council regarding supplemental retirement plans. His company has been in business since 1970 and offers a way for employees to contribute to a retirement plan. The plan is totally voluntary and has no cost to the Town. Councilman Henry made a motion for Nationwide to be able to offer their services to Town employees; the motion was seconded by Councilman Adams and passed 5 in favor with none opposed.

A motion was made to approve a parade permit for Ministers and Citizens for their annual parade by Councilman Adams and seconded by Councilman Henry and passed 4 in favor with Councilman Cephas abstaining.

Mayor Spratt called for a motion to close the open session and adjourn to closed session for discussion of personnel matters as allowed by section 10-508(a) of the Open Meetings Act. Councilman Durham made a motion to that affect, seconded by Council Adams and passed 5 in favor and none opposed.

Mayor Spratt announced that the Council would not be returning to open session after the closed session.

The meeting was adjourned at 7:12 P.M.

Respectfully Submitted;

Approved: Mayor Spratt:

Councilmembers:

John Avery
Clerk/Treasurer